FIRSTWAVE Q4 FY21 SHAREHOLDER UPDATE
27 JULY 2021

SLIDES 1 AND 2 – INTRODUCTION

Welcome fellow shareholders and others to FirstWave's update for the fourth quarter of FY21.

On today's call I am joined by Iain Bartram, FirstWave's Chief Financial Officer.

SLIDE 3 – Q4 HIGHLIGHTS

As we announced earlier this month, FirstWave delivered a robust performance to close out FY21. On the top line, growth in international annualised recurring revenues continued, increasing by 53% in the quarter to exceed $3 million at year end.

We ended the quarter with 52 billing partners, up from 49 in Q3.

A continued focus on expense management and collections resulted in a reduced cash burn, which, together with the capital raise of $6m, led to a cash position at the end of the quarter in line with expectations at just under $10 million.

As we also announced, I have assumed day to day leadership responsibilities of FirstWave following Neil Pollock's departure in July. Neil resigned following the Board being unable to approve his FY22 plan.

Having stepped into the CEO role on an interim basis, my immediate priorities are to have a detailed look into the business, more so than in my role as Executive Chairman, work with the executive team to finalise an acceptable FY22 plan and lead the business until we appoint a permanent CEO, with a recruitment process currently underway.

Before I talk more about this, let me hand over to Iain to run us through our Q4 financial performance in more detail.

SLIDE 4 - HANDOVER TO IAIN BARTRAM

Thanks John.

SLIDE 5 – STRONG INTERNATIONAL REVENUE GROWTH

As John noted – "International Annualised Recurring Revenue" was just over $3M at the end of Q4, up from $2M at the end of Q3 and $1M at the end of Q2.

International Annualised Recurring Revenue was $448K at the start of the financial year, and, while of a small base, has grown nearly 7-fold during FY21.

In absolute terms, revenue growth for the second half of FY21 was consistent, however percentage growth each quarter has obviously been impacted by the growing revenue base.

The story for "Domestic Annualised Recurring Revenue" is quite different, with FY21 being flat throughout the year and down on the previous year. However, through renewed focus on the Telstra relationship we saw green shoots toward the end of the quarter and signed a new customer contract at the end of the financial year that will be a good start for us domestically in FY22.

Total Annualised Recurring Revenue ended the year over 30% up on the end of the previous year at $9.3M.

SLIDE 6 - MORE BILLING PARTNERS BILLING MORE

In Q4 we added 3 new billing partners which takes the total to 52, while level 1 partners remained consistent at 9. Throughout FY21 there was good increase in the number of both billing and level 1 partners and now our focus needs to shift from acquiring partners, to getting the most out of our existing partners and focusing on the opportunities that offer the highest returns, as John will elaborate on later in the presentation.

SLIDE 7 - CONTINUED FOCUS ON COST MANAGEMENT

Cash on hand at 30th June was just under $10M and I would like to take this opportunity to thank all of you who supported the business in either the $6M placement in April or the share purchase plan that followed.

If we look at what I have called "cash-settled" expenses, that is, those expenses that the company pays for in cash, so excluding share-based payments or depreciation or amortization, then the FY21 expenses are more than $2M down on the previous year and in line with guidance provided in previous updates.

We are focused on ensuring your money is well spent and there have been several costs such as, office space and hosting costs, where we have been able to make significant savings.

The change from an annual prepayment by Telstra that at its peak was $4M, to monthly billing in arrears, has provided additional motivation for the business to maintain a stronger focus on collections. With the growth in billing partners, we have a lot of partners who are paying us for the first time which requires us setting up reporting and billing with these new customers and for them to set us up in their systems. This can take time, especially with larger entities with strict onboarding processes such as "anti-money laundering" and "KnowYourCustomer" checks.

You will see from the Q4 Appendix 4C released earlier today, that we collected just under $2M in Q4. This was significantly higher than the amounts collected in each of the previous 3 quarters and represented approximately 50% of the YTD collections.

We are planning to do even more in FY22 with targeted cost reductions that will save $2M "in-year" and will have an annualized cost savings impact of over $2.5M. These savings will all be put in place over the first 6 months of FY22 and many have already been enacted.

In summary in Q4 we continued to progress on all key metrics and expect to continue this trend in FY22.

SLIDE 8 – HANDOVER TO JOHN GRANT

I will now hand you back to John to talk about our plans for FY22.

Thanks Iain.

SLIDE 9 – UNDER THE BONNETT

Having had that opportunity to look under the bonnet of the business since stepping into the interim CEO role, it is pleasingly clear that the strategic rationale for FirstWave's ultimate success remains intact:

The global cyber threat landscape continues to deteriorate and investment in cyber security continues to increase

The SMB market globally remains poorly serviced by current vendors and at significant risk

FirstWave's platform and its enterprise grade services remain best-in-class, as verified by partners at our recent global customer advisory board meeting, and

FirstWave's channel model remains the most cost-effective way of accessing SMBs globally.

However, it is also clear as we all know, that the enthusiasm and initial revenue from our partners has not converted into sustained and accelerating revenue growth.

It has become clear there are two key factors constraining FirstWave from achieving its growth ambitions – a lack of organisational focus, and 'friction' within our software to rapid adoption at scale.

SLIDE 10 – LACK OF ORGANISATIONAL FOCUS

Dealing with organisational focus first, it's clear that the business has spread its available time and resources thinly across too many fronts, and more timely decision making is required to take us forward. This lack of organisational focus and direction – effectively having too many plates spinning at once – can happen when belief in the strength of your underlying technology, an abundance of opportunities to distribute it globally, and short-term revenue targets, collide.

We have a lot of people working very hard to keep a lot of plates spinning, caused by:

Being overly focused on the number of partners in our channel, rather than focusing on maximising revenue from partners with the highest potential

Sustaining the Cisco OEM relationship at almost any cost, and consequently being 'dragged from pillar to post', rather than creating equity in the relationship

Altering the product roadmap and deploying tactical solutions to meet individual partner requirements, rather than to deliver the best return

Dealing with the implications of too many organisational processes dependent on manual effort

And there are more,

….and doing so against a backdrop of lower operating costs, working remotely, and in a global environment that remains filled with uncertainty.

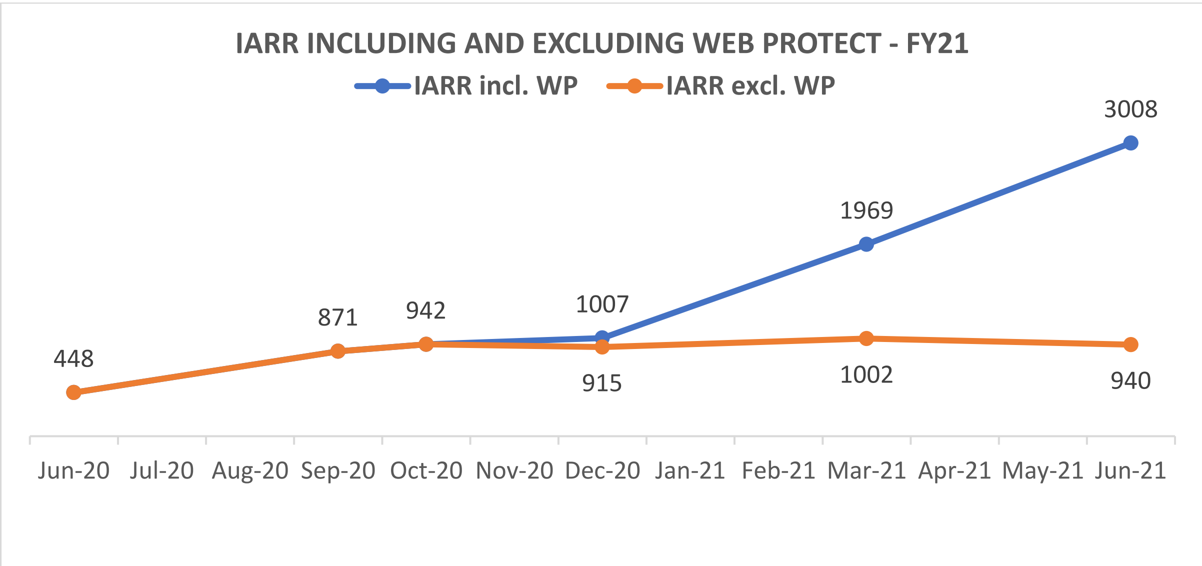
I have been delighted at the commitment of our team, but a committed team doing too many things for too long rather than focusing on the right things does not deliver sustainable results. Going forward we need to simplify through timely decision making and focus on the things that matter most.

Our international sales team numbered 19 in June 2021 – 5 in London, 1 in Africa, 3 in India, 2 in Singapore, 6 in Australia and 2 in Malaysia. It's not a big team and its geographically very dispersed, so it's very important that they focus on the right opportunities.

Having reviewed the numbers in detail, they clearly affirm my view.

SLIDE 11 – IARR INCL AND EXCL WP

The chart on your screen now shows International Annualised Recurring Revenue over the course of the year:



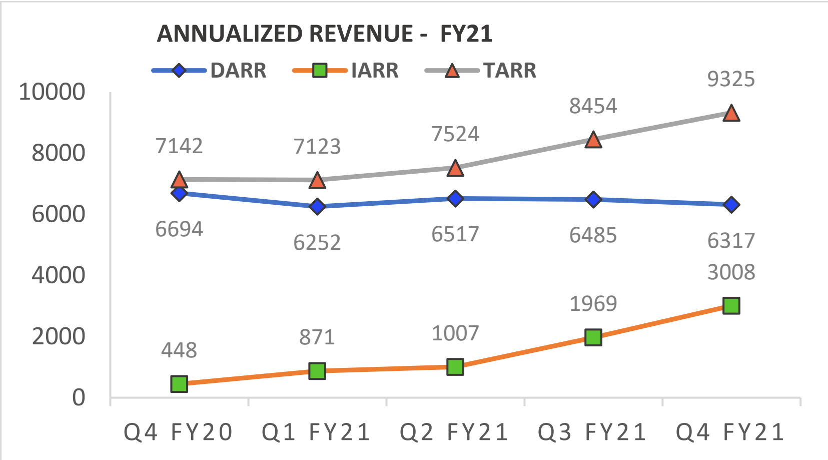
As you can see from this chart, Management and sales focus was singularly on our core portfolio shown in red through until October when IARR was $942K. This result represented 110% growth in the 4 months from June 2020.

From October, shown in blue, WebProtect services added to core services revenue. Shareholders may recall that in our Q2 Update we referenced early sales of WebProtect, a service we have taken on exclusively from Simplifyd Systems UK. It uses a different adoption model for partners with their own network – bundling it with a broadband subscription and requiring end users to 'opt-out' rather than 'opt-in', which is the case for almost all app-based solutions including FCT's services portfolio.

The numbers suggest three things happened when we added WebProtect to the portfolio:

- Firstly, focus of the international sales team moved almost completely to WebProtect with great results
- Secondly and resultingly, revenue growth from our core portfolio tapered off, ending June at $940K flat with October, and

SLIDE 12 – DOMESTIC DECLINE



- Thirdly, as seen on the graph now on screen, with board, management and market focus on international revenue, domestic ARR through Telstra declined by 6% over the year. This was caused as previously reported by churn through end of life of the web service from Cisco, and uncompetitive pricing of Telstra's 'cloud' on which our offerings sit. But a contributing factor was a decision to shift some domestic sales capacity to the Cisco opportunity, noting that despite this shift, increase in revenue from Cisco was anaemic.

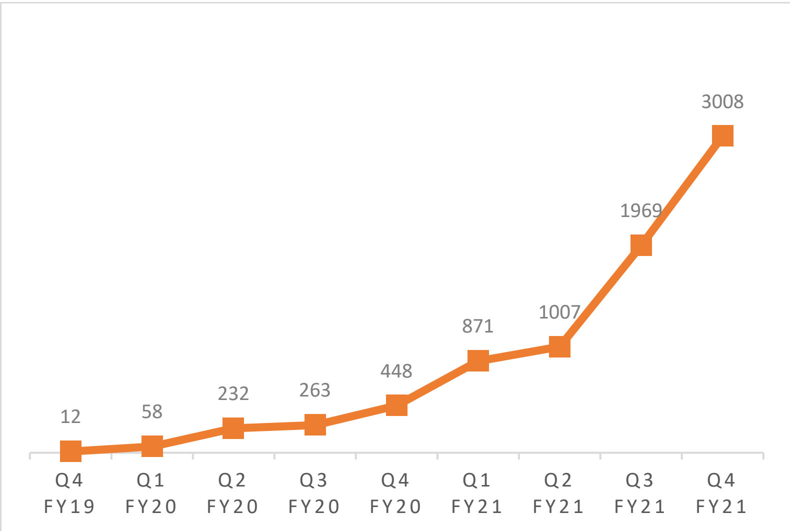
The conclusion, not unexpectedly, is that when focus is aligned with opportunity, results follow.

SLIDE 13 – FRICTION

The second factor constraining FCT from achieving its growth ambitions became clear when we saw the rate at which revenue flowed from WebProtect under its opt-out model. This model makes it easy for both the end user and the partner to adopt the service and caused us to look at our core CCSP and services offerings, and consult with our partners. Our conclusion was that there are relatively superficial but critical elements of our offering that represent 'friction' to rapid adoption and scaling by our partners and their SMB customers.

SLIDE 14 – LACK OF FRICTION MEANS ACCELERATED GROWTH

To understand what I mean, you need only look at the graph on the slide.



Growth from our core portfolio through until Q2 FY21 has been good but not great, and certainly not at levels we had hoped to achieve.

With the example provided by WebProtect from Q2 on, it seems reasonable to conclude that the rate of growth in our core portfolio can improve if the 'friction' that currently exists is removed.

If I can elaborate a little further - the 'friction' for the SMB end user is primarily related to the need for each user to make a technical change to their system as part of the opt-in process.

While it is not a difficult change, for the non-technical SMB end user, this represents a challenging step to opt-in.

We've also concluded that for our partners, the 'friction' for their SMB customers represents time and cost for them and this has impacted their selling and deployment effort.

In Q3 last year, it was decided that these roadblocks in the software needed to be removed.

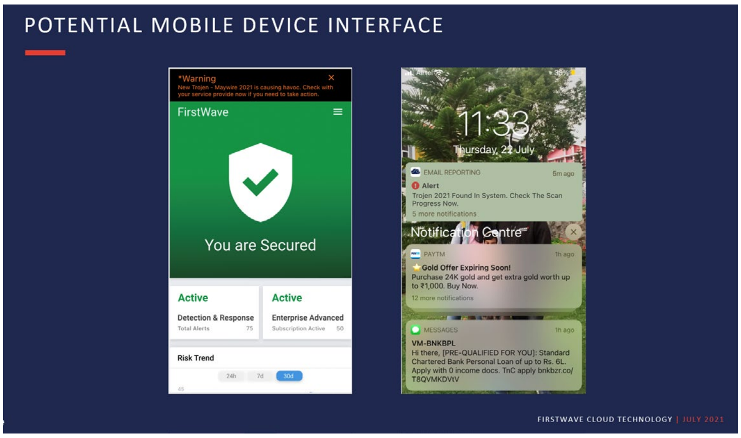
This work, which can be characterised as making changes to the ‘skin’ of the core software, is still relatively substantial and had been competing for priority with other development activities.

My view is that this decision was critical and should have received the highest priority.

It has now been accelerated, and we are planning a progressive rollout of new software and platform releases over the next 9 months to bring it to existing and new partners.

We are not planning for our services to be ‘opt-out’ but the process of ‘opting-in’ will mirror what we all do on our mobiles to simply turn a setting on. We will talk in more detail to this when we provide our annual Product Roadmap Update in Q2.

SLIDE 15 – MOBILE INTERFACE



As part of these releases, we are also planning to deliver a mobile dashboard for end users indicating the status of their threat environment and providing alerts and recommended actions to be taken through our new advanced detection and response capability announced in June under the partnership with SHELT Global.

This is quite sophisticated and adds significantly to our value proposition for SMBs – the democratisation of enterprise grade cyber security services.

This approach has been endorsed by partners at our recent customer advisory board meeting.

SLIDE 16 – GO FORWARD PLAN

Our go-forward plan has three elements:

- Firstly, we are enhancing the software to remove the ‘friction’ for our partners and their end-user SMB customers to easily and quickly adopt the platform and its services. The program of work to do this sees it completed in Q3

- Secondly, we will not actively engage with new Partners until the software is enhanced and concentrate our sales focus on the highest ROI opportunities for 'point' solutions including:

    - **WebProtect** taken to existing and new partners who have their own telco network
    - **Advanced Detect and Response (ADR)** for Email for existing email customers, and
    - **Multi-tenant** Palo Alto Networks Firewall and End Point Protection to existing customers, primarily in India.

  This shift in focus has the potential to dampen the rate of revenue growth in H1 compared to recent quarters which is clearly not ideal, but it is the right thing to do to maximise impact in H2
- And thirdly, this potential dampening will be offset by further lowering operating costs particularly in our international sales and operations business units. Our early quantification of this is an in-year reduction of approximately $2m, annualised at $2.5m.

Finally. let me turn to our OEM relationship with Cisco.

At our Q3 update we indicated that negotiations were underway to transition from the OEM Agreement to another form of partnering relationship.

We indicated that possible outcomes ranged from no additional revenue and material cost reductions to strong revenue and continued investment.

These negotiations have not proceeded as quickly as we could reasonably have expected. Together with Kevin Bloch, our technology and markets advisor, I am now directly in the discussions and my view is that, while we will likely transition to a new relationship as a Cisco Secure Technical Alliance Partner, the most likely outcome under the OEM will be no additional revenue but cost out.

I expect the final outcome will be clear to us by the time of our Q1 FY22 update.

This begs the question 'what of the US market' which we had reserved to access via Cisco. Should we agree to becoming a Cisco Technical Alliance Partner, we will have access via both the Cisco direct sales teams and the Cisco Partner community.

But to be effective, we will likely need more direct representation on the ground to build the relationships required to generate revenue.

We'll look at our options during the first half.

I appreciate there's a lot of information in this but also know we have this in hand. We've identified the issues and have a clear plan going forward.

SLIDE 17 – SUMMARY

To summarise:

- the strategic rationale for FirstWave's ultimate success remains intact
- the business has been hampered by a lack of organisational focus – effectively a committed team trying to keep too many plates spinning at the same time
- in FY22 we are removing some of the spinning plates and focusing on those that will give us the greatest return. One that is likely to be removed is our OEM relationship with Cisco
- the roadblocks to the adoption of our platform and services by partners and end user SMBs at scale will be removed in Q3
- until these roadblocks are removed, we will only actively be pursuing the sale of 'point' services from our portfolio to partners where we can get most traction
- we expect this will dampen the rate of revenue growth compared with recent quarters, but the consequent impact on cash will be offset by a reduction in operating costs of approximately $2m in year.

As always, we will keep shareholders fully informed via our quarterly updates.

Let me thank you and invite your questions.

\- ENDS -

Authorised for release by the Chairman.